

**HARFORD COUNTY, MARYLAND**  
**FISCAL YEAR FY 2005 BUDGET SUMMARY**

Although there is a standardized "Annual Budget Process," the development of each year's budget is based on: current and projected economic conditions; operational needs; the wants of our citizens; and mandates; coupled with the strategic plans, fiscal policies and management techniques adopted by the Administration.

**WHERE WE STARTED**

FY 04 was a very difficult year financially throughout the State and the Nation; however Harford County, thanks to years of conservative fiscal management, adopted a budget which though restrictive, dealt with the realities of: a slow down in the national economy, declining stock markets, low interest rates, and increased unemployment impacting our revenue streams. We cut our FY 04 General Operating Budget by almost \$4 million dollars from our FY 03 level, and yet met the need to address: an outdated employee pay structure; unfunded mandates; and rising health care costs.

The extremely conservative approach to developing our FY 04 budgets, maintained the County's sound financial position, and enabled the Administration to address numerous important issues in Harford County's FY 05 Operating and Capital Budgets.

**FISCAL 2005**

**GENERAL FUND**

<b>FY 04 APPROVED BUDGET</b>	<b>\$302,373,907</b>	<b>FY 05 APPROVED BUDGET</b>	<b>\$323,213,155</b>	<b>CHANGE</b>	<b>\$20,839,248</b>
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The General Fund accounts for the largest portion of the total financial operations of Harford County Government. General Fund appropriations are used primarily to finance the administrative activities of County Government and to provide programs and services to our citizens. The major portion of the County's funding for the Board of Education are General Fund dollars. County support for Harford Community College, the Health Department, and the Libraries also comes from the General Fund. Other funding sources are comprised of revenues earmarked for specific expenses. It is solely General Fund revenues that are used for basic operations and government services.

**REVENUES** The majority (88.2%) of our projected General Fund Revenues come from Property Taxes and Income Taxes.

<u>PROPERTY TAXES</u>	FY 05 Approved	\$153,232,128	47.4%	of the General Fund
	FY 04 Approved	\$146,352,705	48.4%	of the General Fund
	\$ growth	\$6,879,423		
	% growth	4.70%		

While the State of Maryland is realizing remarkable growth in Real Property assessments, this trend will not have a major impact on Harford County's property tax stream for a number of years. Properties in Maryland are assessed by the State on a triennial system, the third of Harford County which was most recently reassessed consisted of our less dense areas. In addition the County has a real property tax assessment cap of 10% for residential properties. Personal Property Tax revenues are growing at a much slower rate as businesses are not adding to their inventories, and are continuing to depreciate existing assets.

On January 1, 2001, State law enacted to implement electric deregulation, changed the assessed value of machinery or equipment used to generate electricity for sale from 100% to 50%. From FY 01, the impact on Harford County has been a (\$1.7 million) decrease in annual Property Tax receipts from public utilities. For FY 05 we anticipate a 6.8% increase, but this is from a severely reduced base.

<u>INCOME TAXES</u>	FY 05 Approved	\$131,919,125	40.8%	of the General Fund
	FY 04 Approved	\$119,577,373	39.5%	of the General Fund
	\$ growth	\$12,341,752		
	% growth	10.32%		

Income Taxes are imposed on a calendar year basis, but the State distributes the funds to the counties over a 21 month period, spreading Harford County's receipts over three fiscal years. For example: Income Taxes on a salary earned from January 1, 2002 until December 31, 2002, were due to be paid to the State on April 15, 2003. Harford County is sent our share in ten distributions, starting with estimated receipts in May, 2003 through a final distribution in January, 2005. Combining this delay with the downturn in the nation's economy, higher unemployment, and market fluctuations over the past few years has made projecting Income Tax receipts very difficult. Adapting our annual estimated growth to such anomalies resulted in extremely cautious predictions, with actual receipts coming in from year to year either short or in excess of those estimates. As with most data, evaluating Income Tax receipts over time provided a much more discernable trend, averaging a 5.5% annual growth. It must be noted that the 10.32% high growth rate is the rate from the FY 04 to the FY 05 budgets. For FY 05 we are projecting a steady 5% growth from Adjusted FY 04 Estimates, which show that for FY 04 our actual receipts are more in line with our normal growth than the 0.01% estimate on which our budget was based.

<u>OTHER REVENUES</u>	FY 05 Approved	\$38,061,902	11.8%	of the General Fund
	FY 04 Approved	\$36,443,829	12.1%	of the General Fund
	\$ growth	\$1,618,073		
	% growth	4.44%		

The elements mainly responsible for the growth in "Other" revenues are:

	<u>CHANGE</u>		<u>FY 05 FUNDING LEVEL</u>												
<u>Bond Refunding Proceeds</u> Refinancing of County General Fund Bonds in 1993, provided one-time funds for the FY 04 budget.	(\$3,495,000)	to	\$0												
<u>General Fund Support of Solid Waste Management Services</u> Most solid waste management activities are mandated by Federal and State regulations, avenues for imposing fees are limited by law and the market place, resulting in the need for support with General Funds.	(\$1,409,915)	to	(\$3,376,250)												
<u>Recovery from Highways Transportation</u> Though Highway Funds are limited to certain types of expenditures, the Traffic Safety Unit of the Sheriff's Office and County transportation expenses meet the qualifications. For FY 05 Highways Funds will be used to support:	\$983,736	to	\$3,698,909												
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;"></td> <td style="width: 20%; text-align: right;">FY 04</td> <td style="width: 20%; text-align: right;">FY 05</td> </tr> <tr> <td>Board of Education Transportation operating expenses</td> <td style="text-align: right;">\$1,000,000</td> <td style="text-align: right;">\$2,000,000</td> </tr> <tr> <td>Board of Education buses and maintenance vehicles</td> <td style="text-align: right;">\$1,110,000</td> <td style="text-align: right;">\$1,044,000</td> </tr> <tr> <td>Sheriff's Traffic Safety activities</td> <td style="text-align: right;">\$605,173</td> <td style="text-align: right;">\$654,909</td> </tr> </table>		FY 04	FY 05	Board of Education Transportation operating expenses	\$1,000,000	\$2,000,000	Board of Education buses and maintenance vehicles	\$1,110,000	\$1,044,000	Sheriff's Traffic Safety activities	\$605,173	\$654,909			
	FY 04	FY 05													
Board of Education Transportation operating expenses	\$1,000,000	\$2,000,000													
Board of Education buses and maintenance vehicles	\$1,110,000	\$1,044,000													
Sheriff's Traffic Safety activities	\$605,173	\$654,909													
<u>911 Program Fee</u> The monthly \$0.50 fee on phone bills will increase to \$0.75, with the additional revenue going to hire six additional Dispatchers for our Emergency Operations Center, and to fund some of the operating expenses of our new Sheriff / Fire / Rescue radio system.	\$460,000	to	\$1,550,000												
<u>Sale of Tax Lien Certifications</u> The cost of securing a Tax Lien certificate from the County will be increased from \$25 to \$50. This new rate is in line with the price charged by most other Maryland subdivisions.	\$167,250	to	\$316,250												
<u>Fund Balance Appropriated</u> An excess unappropriated fund balance realized at the end of a fiscal year, above the 5% Unappropriated Fund Balance, maintained by County policy, is appropriated into the next fiscal year's budget, and treated as one time funding for that fiscal year.	\$3,389,177	to	\$10,085,313												
<u>Recordation Tax</u> With the lower interest rates on mortgages that have been available over the last few years, both sales of homes and refinancings have increased in volume and value. This has led to a large increase in Recordation Tax Revenues, which for FY 05 will be solely used to pay School Debt Service.	\$547,115	to	\$6,665,787												
<u>All "Other" Revenues combined</u> These include: Licenses and Permit sales, State Shared Revenues, Interest Income, etc.	\$975,710	to	\$19,121,893												

**EXPENDITURES**

As we began the budget development process we were faced with:

- o escalating health care costs;
- o increases to certain contractual obligations and the cost of utilities;
- o new unfunded State mandates; and
- o full year operating expenses for the new Abingdon Library



The FY 04 Operating Budget was so restrictive that normal fleet turnover was postponed and our Tuition Reimbursement Program and various training expenses were severely curtailed. Restoration of these items was a goal for FY 05. Expenditure requests were considered by the County Executive but were only approved based on a real versus perceived need; each function, service, project, and expenditure was reviewed as to its affordability. Thanks to years of fiscal conservatism, and living within our means for FY 04, we were able to address existing issues and to provide for a number of the Administration's FY 05 goals

To meet existing operational expense needs the FY 05 Operating Budget provides

- o for health benefit cost increases with none of the additional expense being passed onto our employees
- o for cost increases in various rents, electricity, insurances, and contracted medical services;
- o additional funds for facility repair and renovations, needed due to the age of County buildings; snow removal; plus grounds and building maintenance; and
- o for normal fleet turnover and needed replacement equipment.

Funding for various FY 05 goals of the Administration has been included

- o to provide a Merit Step and a 1% COLA for all eligible staff, with parity increases included for Harford Community College, the Libraries, the ARC or Northern Chesapeake and the Harford Center;
- o to help County retirees cope with the inflated cost of health care, the budget includes an additional \$50 per month per retiree currently in the plan and their spouse, and to offer the benefit to all eligible County retirees and spouses not currently in the plan
- o to restore the Tuition Reimbursement Program;
- o to honor our commitment to Public Safety, with 22 new positions

10.0	Sheriff Deputy Recruits, with the positions funded for half of FY 05
1.0	Victim Witness Assistant position in the Sheriff's Office as the grant covering the position ends
6.0	Emergency Operations Public Dispatchers, to be funded with additional 911 Fee revenues generated by the rate increase
1.0	Drug Court Coordinator
1.0	Animal Control Officer
1.0	Court Reporter
1.0	Administrative Assistant to the Juvenile Master
1.0	Legal Assistant in the State's Attorney's Office
<u>22.0</u>	<u>Total new positions for FY 05</u>

and a number of Attorney and Legal Assistant positions in the State's Attorney's Office are being converted from Part-Time to Full-Time based on workload

8.0	Full-Time
(4.9)	Part-Time

- o to adjust the Sheriff's Office Salary Schedules for Law Enforcement, Correctional and Civilian Personnel  
Upon taking office, the Harkins administration found that the salaries of Harford County's Law Enforcement staff were the lowest in our region of the State leading to severe recruitment and retention problems. The Administration funded a major salary restructuring in FY 01 and is including \$588,536 in the FY 05 budget to implement an additional adjustment to maintain our efforts.

**FY 05 DEPARTMENTAL FUNDING HIGHLIGHTS INCLUDE:****CHANGE****FY 05 FUNDING****THE BOARD OF EDUCATION**

- o to support a Merit Step and a 2% COLA for Teachers and BOE Staff
- o to assist with the anticipated 13% increase in health care benefits.

**\$6,649,969 to \$154,047,408**

**HARFORD COMMUNITY COLLEGE**

**\$590,375 to \$12,278,743**

- o wage parity with County employees \$467,000
- o to cover an anticipated 2.1% increase in health care benefits \$123,375

**LIBRARIES**

**\$1,284,693 to \$11,646,499**






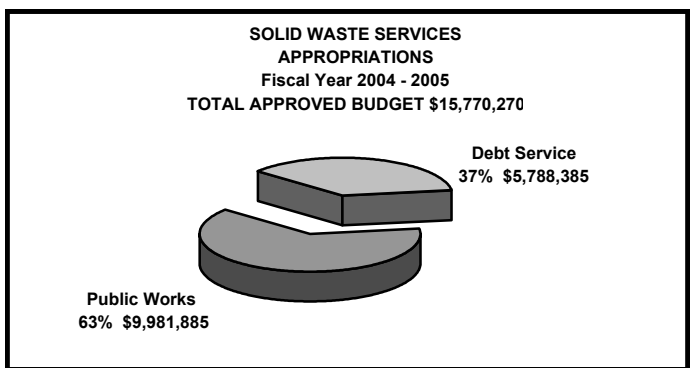
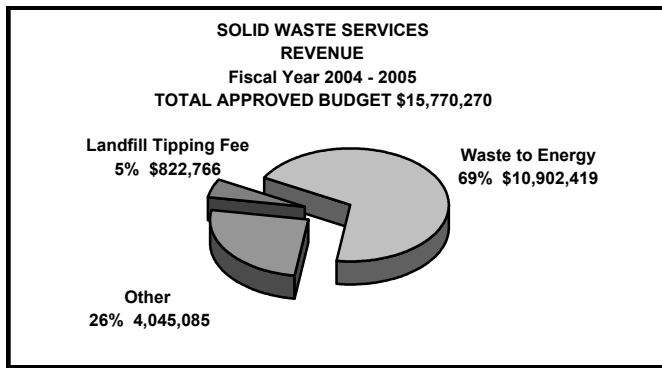
- o wage parity with County employees \$320,000
- o to cover an anticipated 7.5% increase in health care benefits. \$85,552
- o full year operating expenses allocated for the Abingdon Library \$881,172
- o General and Automobile Liability and Property Damage Insurance adjusted per an actuarial analysis (\$2,031)

**SHERIFF'S OFFICE**

**\$4,219,538 to \$40,282,858**

- o ten Sheriff Deputy Recruits created and funded for half-year \$403,755
- o one Victim Witness Assistant job is added as the grant supporting this position ends \$36,355
- o implementation of new salary plans for Law Enforcement, Correctional and Civilian staff \$588,536
- o a wage package, consisting of a Merit Step and a 1% COLA for all eligible staff \$696,272
- o to cover an anticipated 7.5% increase in health care benefits. \$347,292
- o represents FY 05's funding for the County's annual contribution to the Sheriff's Office Pension System, based on an actuarial analysis \$657,376
- o represents a one-time FY 05 contribution by the County to the Sheriff's Office Pension System to sustain the viability of the plan \$500,000
- o increased cost for a vendor to process tickets under the Red Light Camera Program \$161,640
- o increased cost for the Detention Center's Medical Contract \$88,414
- o to replace 24 police vehicles per the County's Fleet Replacement Policy \$534,000

		<b>CHANGE</b>		<b>FY 05 FUNDING</b>
<b>EMERGENCY OPERATIONS</b>		<b>\$655,592</b>	<b>to</b>	<b>\$6,675,255</b>
o six Public Safety Dispatchers, to be paid for with additional revenues resulting from an increase in the 911 fee	\$249,835			
NOTE: the remainder of the additional revenue resulting from the rate change will be used for the operating expenses of the new Sheriff / Fire / Rescue radio system				
o a wage package, consisting of a Merit Step and a 1% COLA for all eligible staff	\$128,953			
o to cover an anticipated 7.5% increase in health care benefits	\$53,811			
o to purchase 24 hour operation scheduling software	\$75,920			
o to purchase Emergency Police Dispatch software keys	\$73,500			
o to replace two sedans with utility vehicles	\$72,000			
<b>VOLUNTEER FIRE COMPANIES</b>		<b>\$70,474</b>	<b>to</b>	<b>\$3,960,172</b>
o a 2% increase for each fire company and general support services				
 <b>FIREMEN'S LENGTH OF SERVICE AWARDS SYSTEM</b>				
o represents a one time FY 05 contribution by the County to the Firemen's Length of Service Awards Program (LOSAP) to sustain the viability of the plan		<b>\$500,000</b>		
<b>HUMANE SOCIETY</b>		<b>\$140,000</b>	<b>to</b>	<b>\$350,000</b>
o additional support is included based on the agency's workload, and services provided to the County.				
<b>OFFICE OF THE COUNTY EXECUTIVE</b>				
o support for local cultural organizations, crime prevention and school beautification projects		<b>\$127,780</b>	<b>to</b>	<b>\$501,000</b>
<b>ARC NORTHERN CHESAPEAKE</b>		<b>\$233,088</b>	<b>to</b>	<b>\$995,947</b>
o wage parity with County employees				
<b>HARFORD CENTER</b>		<b>\$14,412</b>	<b>to</b>	<b>\$382,143</b>
o wage parity with County employees				
<b>MARYLAND SCHOOL FOR THE BLIND</b>		<b>\$72,000</b>	<b>to</b>	<b>\$75,000</b>
o State law has been changed to increase Maryland counties' share of tuition for students from their counties, who attend the school				
 <b>STATE'S ATTORNEY'S OFFICE</b>		<b>\$330,705</b>	<b>to</b>	<b>\$3,786,749</b>
o conversion of (4.9) Part-Time Attorney and Legal Assistant positions to 8.0 Full-Time positions based on increased workload	\$202,606			
o 1 additional Full-Time Legal Assistant is added as the grant supporting the positions ends	\$51,311			
o a wage package, consisting of a Merit Step and a 1% COLA for all eligible staff	\$88,790			
o to cover an anticipated 7.5% increase in health care benefits	\$26,668			
<b>ELECTIONS</b>		<b>\$884,838</b>	<b>to</b>	<b>\$1,573,528</b>
o the State of Maryland is implementing a new Voting System; part of the cost is being passed on to the counties. Harford County will have to fund our share	\$744,722			
o the additional cost involved to conduct the General Presidential and one Municipal election in FY 05	\$51,800			
o office supplies and computer software needed to implement the "Help America Vote Act" (HAVA)	\$24,000			
o a barcode reader to read voter signature cards and update voter history	\$12,500			
<b>HEALTH DEPARTMENT</b>		<b>\$220,220</b>	<b>to</b>	<b>\$3,525,039</b>
 o stipend for the County's new Health Officer	\$7,500			
o increase in existing rent contracts and additional rental space in the Thomas Hays building	\$90,341			
o increase for the Teen Diversion Program	\$28,000			
o increase to cover State wage and benefit agreements for Health Department staff	\$94,379			
<b>OTHER ITEMS INCLUDED IN THE FY 05 OPERATING BUDGET (exclusive of the above cited departments)</b>				
o the FY 05 Wage Package for eligible County staff		<b>\$882,248</b>		
o Benefits & Insurance		<b>\$1,221,517</b>		
o Restoration of the Tuition Reimbursement Plan		<b>\$60,000</b>		
o Increased cost of electricity		<b>\$89,655</b>		
o Economic Development grants		<b>\$106,000</b>		
o Data Processing hardware and software maintenance		<b>\$147,460</b>		
o New and replacement equipment		<b>\$865,445</b>		
o Paygo funding for: computer equipment and upgrades; renovations to County owned facilities, Libraries, Citizens Care Center, and the Hosanna School; studies and repair of County dams, watersheds, and streams		<b>\$827,670</b>		
Detention Center security upgrades; renovations to the Aberdeen Volunteer Fire Company substation, and the County's contribution for a new substation in Darlington; infrastructure and equipment upgrades for Harford Community College repairs to the Waste to Energy facility; Harford Waste Disposal Center expansion and renovations; a study to modernize Bel Air High School; school environmental compliance; secondary school security cameras; replacement of school maintenance vehicles and buses; replacement of school music instruments; construction of the Aberdeen High School Math and Science Academy; and renovation of Havre de Grace High School's athletic fields				



**FY 04 APPROVED BUDGET**

**\$13,377,285**

**FY 05 APPROVED BUDGET**

**\$15,770,270**

**CHANGE**

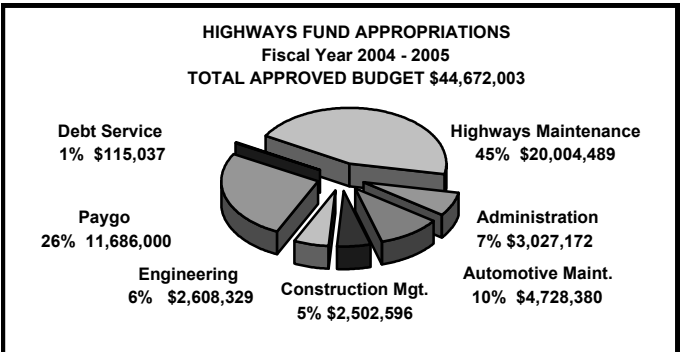
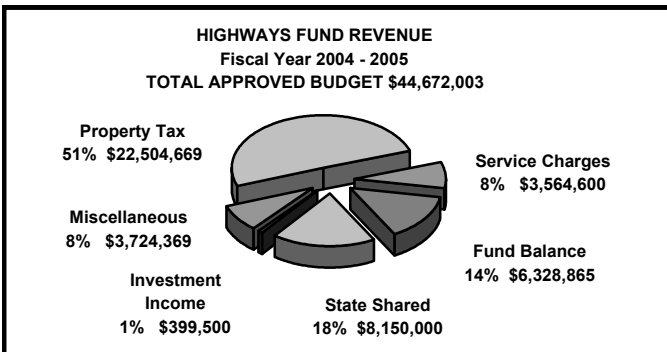
**\$2,392,985**

The Solid Waste Services account records direct revenue and expenses pertaining to the County's management of the disposal of solid waste. The County's Environmental Affairs Division of the Department of Public Works manages the Harford Waste Disposal Center (HWDC), also known as Scarboro Landfill. Staff, their ancillary expenses and the Center's operating costs are funded with Solid Waste Services revenue derived from tipping fees; the disposal of tires, batteries, scrap metal, and other items; and from the sale of mulch and compost produced by recycling yard waste. A vacant Weighmaster Technician position was abolished in the General Fund's Recycling Program and offset by the creation of a Laborer position at the landfill \$32,531, which was necessitated by the volume of work. Additional costs for FY 05 include the wage package of a Step and a 1% COLA \$49,254, an anticipated 7.5% increase in the cost of health care coverage \$38,049, and \$784,600 to replace six bins, a pick up truck, a scraper and a roll off tractor.

The Northeast Maryland Disposal Authority, under its revenue bond financing authority, developed the Harford Waste-to-Energy Facility (WTE) to process most of the County's solid waste. Through a contractual arrangement with WTE, each year more than 110,000 tons of the County's waste is burned to produce energy, which is purchased by Aberdeen Proving Ground. The WTE contract covers the operating and maintenance costs of the facility and is funded with Solid Waste Services revenue, derived from tipping fees; fees for burning permitted or recovered materials; fees for tire disposal; and the sale of steam to Aberdeen Proving Ground.

Under the WTE contract, the County pays the debt service on the facility and will own the plant in 2016. Federal and State environmental regulations now require retrofitting of the facility; this cost will also be covered by the Northeast Maryland Disposal Authority issuing bonds and the County paying the debt service. \$1,083,895 of the FY 05 budget increase is attributable to the net changes in debt service expense for both the purchase and the retrofit; while an additional \$352,336 is needed to cover the operating contract.

To help offset some of the additional expense, Tipping Fees will be adjusted from \$42 to \$50 per ton; this is projected to increase revenues by \$1 million. However, avenues for imposing fees are limited by law and the market place. This results in the need for \$3,376,250 in support from the General Fund, an increase of \$1,409,915 from FY 04.



**FY 04 APPROVED BUDGET**

**\$37,689,901**

**FY 05 APPROVED BUDGET**

**\$44,672,003**

**CHANGE**

**\$6,982,102**

The Highways Fund is required by County Code to account for dedicated revenues that are restricted to expenses relating to the maintenance, care and repair of roads and bridges located outside the boundaries of the three incorporated municipalities in Harford County; traffic patrol and highway safety; and County related transportation expenses. Funds are principally derived from a County Property Tax differential, State Shared Highways User's Tax revenues, charges for services and Intra-County revenues.

A motor vehicle fuel tax, motor vehicle registration fees, a share of the motor vehicle titling tax and a share of the corporate income tax, are designated by the State of Maryland as Highways User Revenues. The State shares 30% of these revenues with the counties and municipalities to help fund the construction and maintenance of local roads. The distribution is made according to a formula based on locally maintained road mileage and vehicle registrations.

As part of Maryland's efforts to deal with its major budget deficit, the State transferred a portion of the local share of Highways User Revenues to the State General Fund for both FY 03 and FY 04. The impact of this transfer on Harford County was a reduction of (\$485,065) for FY 03 and (\$3,510,649) for FY 04. With a \$482,29 increase projected for FY 05, the cumulative impact on County Highway operations is a (\$3.5 million) reduction in State revenues from the FY 02 level.

Additional Highways Fund expenses for FY 05 are the net result of the wage package of a Step and a 1% COLA \$379,137; the 7.5% anticipated increase in health care costs \$107,618, a rate adjustment of \$98,755 in Workers' Compensation funding; \$88,889 being included to provide our retirees and their spouses an extra \$50 per month in the supplement they receive from the County to help defray the rising cost of health care benefits, and to offer this benefit to all eligible retirees and their spouses; higher costs for electricity \$96,800, sand, salt, bulk de-icers, bituminous concrete, and liquid bituminous \$135,971; and to deal with the increases in fuel and gasoline prices \$600,000. Twenty-one vehicles meet the County's Vehicle Replacement Policy guidelines and will require an additional \$364,500 to secure jeeps, dump trucks, a roller, a sweeper, a gradall excavator and utility trucks. An increase in Pay-as-you-go funding of \$2,035,727 means a total of \$11,686,000 will be available for sixteen bridge projects, fifteen roadway projects, curb repairs, drainage improvements, guardrails, sidewalks, new roads and stormdrains, the installation of traffic calming and road safety improvements, an automatic de-icing system, computer equipment, facility repairs, and buying emergency generators. A major emphasis of the Highways capital budget will again be road resurfacing, repair of tar and chip roadways and/or converting them to a hot mix asphalt surface.

Though Highway Funds are limited to certain types of expenditures, the Traffic Safety Unit of the Sheriff's Office and Board of Education transportation expenses meet the qualifications. An additional \$49,736 for FY 05 will bring Highways Fund support to the Sheriff's Traffic Safety Unit to \$654,909. Board of Education Transportation operating expenses will be supported with a \$1 million increase to a total of \$2 million in Highways Fund; and while \$1,110,000 was allocated in FY 04 \$1,044,000 will be appropriated in FY 05 to secure Board of Education maintenance vehicles and buses.

**WATER & SEWER OPERATING FUND  
REVENUE  
Fiscal Year 2004 - 2005  
TOTAL APPROVED BUDGET \$35,981,785**



**FY 04 APPROVED BUDGET**

**\$33,429,715**

**FY 05 APPROVED BUDGET**

**\$35,981,785**

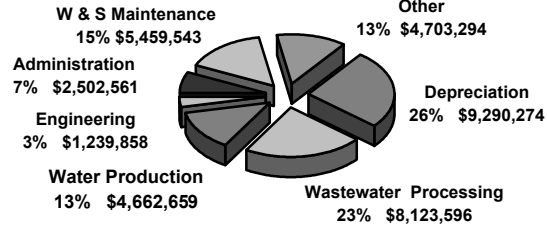
**CHANGE**

**\$2,552,070**

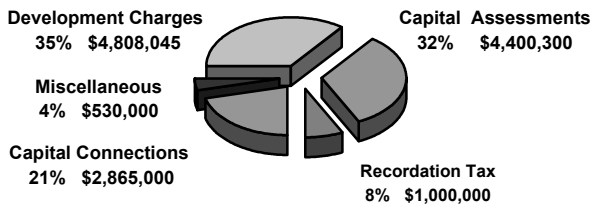
The Water and Sewer Operating Fund was established as a self-sustaining utility to account for water and sewer services provided by Harford County Government. For the purpose of securing revenue to maintain, repair and operate its water supply, sewerage or drainage systems, and other expenses, including depreciation allowances, plus interest on and retirement of bonds, the County is authorized by the Charter to make various service charges for water, sewer and drainage service and a charge for water used, and may impose late fees on bills that remain unpaid. Revenue is also generated by both Water and Sewer User Charges for tests and inspections, design review, construction meter rental, hydrant charges, job/shop repair orders, meter installations, Miss Utility charges to locate water and sewer lines for developers, industrial waste permits, plus interest and penalties.

Increased funding for FY 05 is provided to cover the cost of the County's FY 05 wage package \$308,074; the higher costs of providing employees' health insurance \$189,387 and electricity for plants and pumping stations \$100,810; needed facility repairs \$117,750; depreciation on completed capital projects \$786,274; plus new and replacement equipment \$395,458. Additional Pay-as-you-go (Paygo) funding of \$495,000 to a total of \$3.1 million will cover the cost of system upgrades computer equipment and a study to develop an automated information management system. \$2.5 million of this Paygo funding comes from a previously settled law suit which will allow for the replacement and emergency repairs of existing polybutylene (PBU) pipe systems throughout the water service area. \$59,259 is included to provide our retirees and their spouses an extra \$50 per month in the supplement they receive from the County to help defray the rising cost of health care benefits, and to offer this benefit to all eligible retirees and their spouses. Two Right of Way Agent II's are transferred from Land Acquisition in the Highway Fund to Water & Sewer Engineering at a cost of \$117,874, to assist in securing land and easements for the Water & Sewer Division of Public Works.

**WATER & SEWER OPERATING FUND  
APPROPRIATIONS  
Fiscal Year 2004 - 2005  
TOTAL APPROVED BUDGET \$35,981,785**



**WATER & SEWER DEBT SERVICE FUND  
REVENUE  
Fiscal Year 2004 - 2005  
TOTAL APPROVED BUDGET \$13,603,345**



**FY 04 APPROVED BUDGET**

**\$14,383,082**

**FY 05 APPROVED BUDGET**

**\$13,603,345**

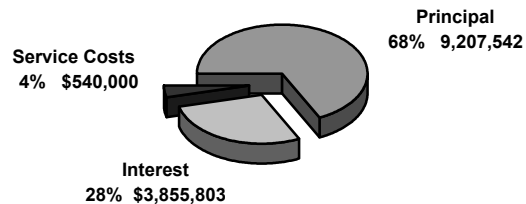
**CHANGE**

**(\$779,737)**

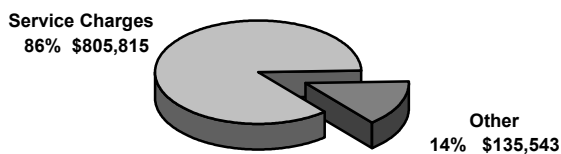
The Water & Sewer Debt Service Fund provides appropriation authority for the payment of principal and interest on long-term water and sewer bonds and loan: used to finance the capital projects of the County owned Water and Sewer System. Revenues for the funds are derived from: water and/or sewer connections development charges; Recordation Tax receipts; Biological Nutrient Removal fees; septic system permits; surcharges or assessments on specific projects; investment income; plus interest and penalties.

For FY 05, there is a (\$779,737) reduction in Water and Sewer Debt Service expenses, with Principal Payments funded at \$9,207,542, or (\$300,481) less than FY 04, Interest Payments of \$3,855,803 or (\$419,256) less, and the attendant expenses for legal fees, management services, and banking allocated at \$540,000 for a savings of (\$60,000). These reductions are due to refinancing existing debt.

**WATER & SEWER DEBT SERVICE FUND  
APPROPRIATIONS  
Fiscal Year 2004 - 2005  
TOTAL APPROVED BUDGET \$13,603,345**



**PARKS & RECREATION SPECIAL FUND  
REVENUE  
Fiscal Year 2004 - 2005  
TOTAL APPROVED BUDGET \$941,358**



**FY 04 APPROVED BUDGET**

**\$990,173**

**FY 05 APPROVED BUDGET**

**\$941,358**

**CHANGE**

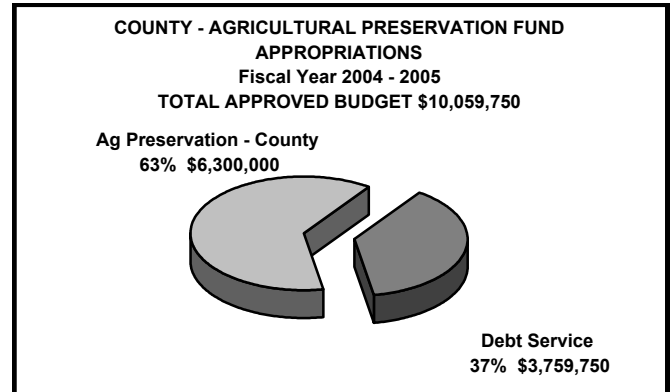
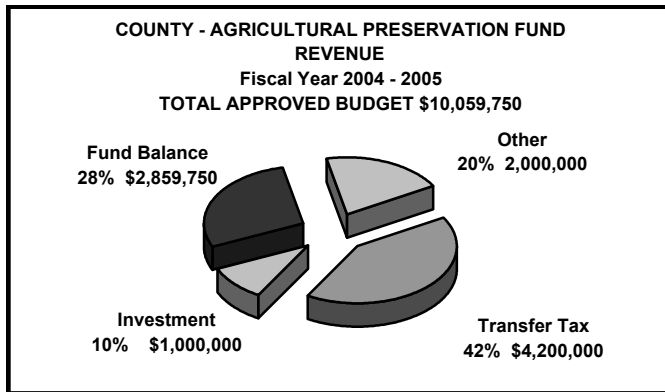
**(\$48,815)**

Parks & Recreation Special Fund Revenues are derived from fees, rentals of and/or contributions to the Emmorton Recreation & Tennis Center, the Oakington Peninsula, the McFaul Senior / Youth Center's skateboard facility, or the Showmobile, as well as special Recreation Council activities such as the sale of amusement park discount tickets, basketball tournaments, lacrosse and wrestling summer camps, etc. These revenues, with no County funding, support the

- o **Emmorton Recreation & Tennis Center** - which was purchased by Harford County using State Open Space funds in 1999 to address the unmet recreation needs of the Emmorton-Abingdon area. Two indoor tennis courts were retained and two others were converted to multipurpose gymnasiums. Two outdoor tennis courts were converted to indoor courts with a permanent steel-fabric cover, while the remaining space provides additional parking, increasing rentals and revenue production.

- o **Oakington Peninsula** - is comprised of Swan Harbor Farm, which was purchased in conjunction with the Maryland Department of Natural Resources and Program Open Space in 1994, and operates a self-sustaining facility generating revenues from rentals, farming, leases and fundraising; and Oakington Farm, which also generates revenue from the leasing of farm land, two houses, and the facility, while providing a park for passive recreation activities
- o **Recreation Council Activities** - is an account set up to receive revenues from Recreation Council registrations and events. The funds are used for recreation supplies, tournament trophies, officials and referees, etc

The final Principal and Interest payments of \$95,543 on the Emmorton Recreation & Tennis Center will be made in FY 05, and are (\$95,544) less than FY 04's Staffing changes, the FY 05 wage package, and higher health benefit costs require an additional \$26,593; facility renovations for standard maintenance and to meet code regulations increase expenses by \$14,000; plus new and/or replacement equipment and recreation supplies are funded at \$113,800 which is \$5,100 more than in FY 04.

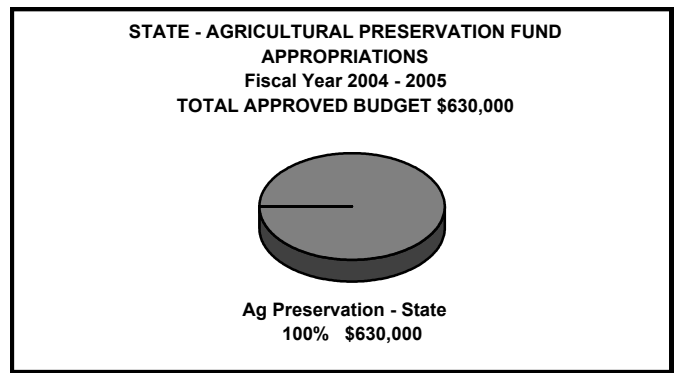
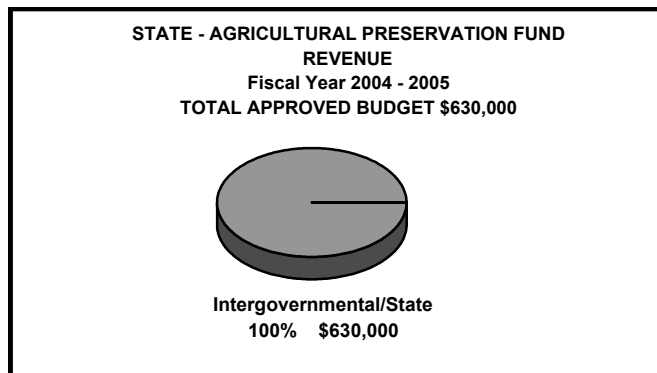


<b>FY 04 APPROVED BUDGET</b>	<b>\$9,150,000</b>	<b>FY 05 APPROVED BUDGET</b>	<b>\$10,059,750</b>	<b>CHANGE</b>	<b>\$909,750</b>
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County Council Bill No. 93-3 added Article IV, Transfer Tax, to Chapter 123, Finance and Taxation, of the Harford County Code which imposes a 1% Transfer Tax on any instrument of writing that conveys title to, or a leasehold interest in, real property, effective July 1, 1993. The proceeds are to be distributed

- o **50% to the County's Agricultural Land Preservation Program**
- o **50% to fund school site acquisition, school construction, or school debt service**

The Harford County Agricultural Land Preservation Program was established in 1993 to preserve productive agricultural land and woodland which provide for the continued production of food and fiber for the County, by allowing land owners to preserve farmland for future generations via conservation easements. The County, using primarily Transfer Tax revenue, enters into installment contracts to purchase development rights; the landowners receive payments and/or a tax credit. The \$909,750 increase for FY 05 represents the additional Principal and Interest Payments due on these installment contracts



<b>FY 04 APPROVED BUDGET</b>	<b>\$630,000</b>	<b>FY 05 APPROVED BUDGET</b>	<b>\$630,000</b>	<b>CHANGE</b>	<b>\$0</b>
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Intergovernmental Revenues, for the State Agricultural Preservation Fund, come from the State Agricultural Land Transfer Tax, imposed on all transfers of title or agricultural land taken out of production. The Maryland Agricultural Preservation Foundation (MALPF) was created in 1977 by the Maryland General Assembly to preserve productive agricultural land and woodland, via the Purchase of Development Rights, to provide for the continued production of food and fiber for all citizens of the State and to curb the random expansion of urban development

MALPF, along with the Maryland Department of Planning, co-administers the Certification of Local Agricultural Land Preservation Programs. Local subdivisions are required to collect the revenue generated by the State Agricultural Land Transfer Tax; these funds are then shared with the local jurisdictions as follows

- ♦ Maryland counties, without Certified Agricultural Land Preservation Programs are required to remit two-thirds of the revenue to MALPF. They retain one-third for agricultural land preservation purposes
- ♦ Counties that have a Certified Local Agricultural Land Preservation Program may retain 75% of the Agricultural Transfer Tax collected, for preservation purposes, and are required to remit only 25% to the Foundation

Harford County's Agricultural Land Preservation Program is Certified. For FY 05 it is projected that the County will collect \$840,000 in State Agricultural Land Transfer Tax receipts. \$210,000 will be remitted to the State and the County will retain \$630,000

\$30,000 of this revenue will be used by the County to offset the salary and benefits of a Planner III, who serves as Harford County's Program Administrator

The remaining \$600,000 will be Harford County's match to MALPF for easement purchases the foundation will make on the County's behalf, demonstrating the Administration's commitment to preserving Harford County's farmland.

By June, 2004, Harford County will have purchased an estimated 37,000 acres of farm land through the County and State Agricultural Preservation Programs